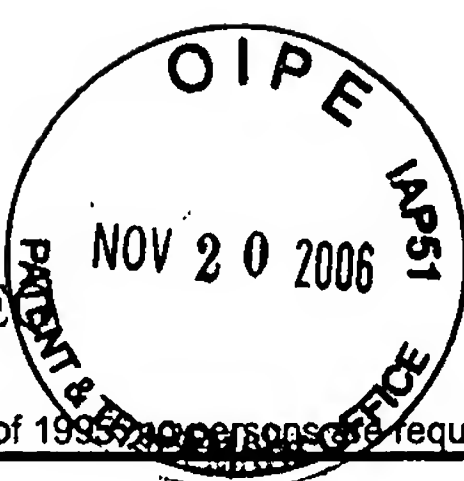


Doc Code: AP.PRE.RE



PTO/SB/33 (07-05)

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**PRE-APPEAL BRIEF REQUEST FOR REVIEW**

Docket Number (Optional)

G08.069

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on November 14, 2006

Signature

Typed or printed name Edith Martin

Application Number

10/707,491

Filed December 17, 2003

First Named Inventor

Jones, Emerson P.

Art Unit

3628

Examiner

Chencinski, Siegfried E.

Applicant requests review of the final rejection in the above-identified application. No amendments are being filed with this request.

This request is being filed with a notice of appeal.

The review is requested for the reason(s) stated on the attached sheet(s).

Note: No more than five (5) pages may be provided.

I am the

☐

applicant/inventor.

☐

assignee of record of the entire interest.

See 37 CFR 3.71. Statement under 37 CFR 3.73(b) is enclosed.  
(Form PTO/SB/96)☐

attorney or agent of record.

Registration number \_\_\_\_\_

☒

attorney or agent acting under 37 CFR 1.34.

Registration number if acting under 37 CFR 1.34 45,371

Signature

Randolph P. Calhoun

Typed or printed name

(203) 972-5985

Telephone number

November 14, 2006

Date

NOTE: Signatures of all the inventors or assignees of record of the entire interest or their representative(s) are required. Submit multiple forms if more than one signature is required, see below\*.

☐

\*Total of \_\_\_\_\_ forms are submitted.

This collection of information is required by 35 U.S.C. 132. The information is required to obtain or retain a benefit by the public which is to file (and by the USPTO to process) an application. Confidentiality is governed by 35 U.S.C. 122 and 37 CFR 1.11, 1.14 and 41.6. This collection is estimated to take 12 minutes to complete, including gathering, preparing, and submitting the completed application form to the USPTO. Time will vary depending upon the individual case. Any comments on the amount of time you require to complete this form and/or suggestions for reducing this burden, should be sent to the Chief Information Officer, U.S. Patent and Trademark Office, U.S. Department of Commerce, P.O. Box 1450, Alexandria, VA 22313-1450. DO NOT SEND FEES OR COMPLETED FORMS TO THIS ADDRESS. SEND TO: Mail Stop AF, Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450.

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Patent

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

Applicants: JONES et al.

Application No.: 10/707,491

Filing Date: December 17, 2003

For: METHOD AND APPARATUS FOR  
ISSUING A UNIT

) Confirmation No.: 1490  
)  
) Group Art Unit: 3628  
)  
) Examiner: Chencinski, Siegfried E.  
)  
) **REASON(S) FOR REQUESTING A PRE-  
APPEAL BRIEF REVIEW**  
)  
) Attorney Docket No.: G08.069  
)  
) **PTO Customer Number 28062**  
) Buckley, Maschoff & Talwalkar LLC  
) 50 Locust Avenue  
) New Canaan, CT 06840  
)

**CERTIFICATE OF MAILING UNDER 37 CFR 1.8**

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Dated: November 14, 2006 By: 

Edith Martin

Mail Stop AF  
Commissioner for Patents  
P.O. Box 1450  
Alexandria, VA 22313-1450

Sir:

In response to the Final Office Action mailed July 14, 2006 and the Advisory Action dated September 27, 2006, Applicant respectfully requests a Pre-Appeal Brief review for the reason(s) that begin on page 2 of this paper.

## REASONS

Claims 1 - 33 are in the application. Claims 1, 22, 25, 30, 32, and 33 are the independent claims herein.

Claims 1 – 12, 14, 20, and 21 – 24 stand finally rejected as being unpatentable over Birle Jr., et al., U.S. Pre-Grant Pub. No. 2003/0130941 A1 (hereinafter, Birle) in view of Barron's Dictionary of Finance (hereinafter, Barron's). This rejection is respectfully traversed.

Each of Applicant's independent claims 1, 22, 25, 30, 32, and 33 relate to a hybrid financial product. For example, the method of claim 1 includes, inter alia, creating a forward contract having a contract term extending from an issue date of the unit to a settlement date; creating a note securing obligations of the holder under the forward contract; and issuing, using a processor, the forward contract and the note as a unit. Claim 33 also claims the unit as including the forward contract and the note. Claims 22 and 32 claim the unit as a forward contract and a contingent convertible debt instrument. Claim 25 claims the unit as a purchase contract and a note. Claim 30 claims the unit as forward contract and a convertible debt instrument. Thus, it is clear that the claimed unit in each of Applicant's independent claims specifically includes two different, yet specific, types of securities.

As discussed at page 9, paragraph 3 of the Amendment and Response to the July 14, 2005 Final Office Action dated September 14, 2006, Applicant's Specification discloses and the claims recite financial terms that have specific meanings in the relevant arts of finance, securities, and trading related to the present application. Furthermore, Applicant has exercised care regarding the consistent use of financial terms such as, for example, forward contract, convertible note, contingent conversion, bond, etc. in a consistent manner. (See Applicant's Specification paragraphs [0017] – [0027])

Contrary to Applicant's clear and unambiguous claim language reciting a unit specifically including two different and specific types of securities, the Examiner uses

financial terms such as ‘bonds’, convertible bonds”, and “securities” in general as though such terms are interchangeable and without specific meaning in the relevant fields of, for example, finance and securities. For example, the Examiner states in the Final Office Action, “[B]onds, convertible bonds and every other financial security is, among other things, a contract. They would not be securities were that not so. These instruments are implicitly and inherently futures instruments in a real sense of the term.” (See Final Office Action, **Re. Argument A**, page 16) From this and other statements in the Office Action, it appears that the Examiner does not recognize or at least properly read the claims in the context within which they are stated. Applicant is not merely claiming any type of contract but instead a “futures contract “ that has a specific meaning in the context of the claims, claims that are fully supported by the Specification.

Regarding the cited and relied upon Birle, Applicant respectfully reiterates that Birle, as a matter of fact, discloses a convertible bond, some embodiments of which include contingent payments. Specifically, Birle discusses a bond as a debt instrument containing having language indicative of a principal amount and indicative of a borrower’s obligation to repay the principal at some future time. (Birle, paragraph [0003]) Thus, it is clear that the bond discussed in Birle is a debt instrument that itself contains or defines the obligations provided by the bond.

Birle further states that “convertible bonds, are instruments which have some of the qualities of bonds as well as some of the qualities of stock. A convertible bond is a bond which can be converted by its holder into a number of shares of equity, the number being a fixed number or being determined by a formula.” (Birle, paragraph [0005]) That is, a convertible provides the bondholder with the option to exchange the bond for other securities (e.g., an underlying or issuing company’s stock) at some future date, under conditions prescribed by the convertible bond.

Birle does not however disclose or suggest a bond or convertible bond is a forward contract. A forward contract, as understood by those skilled in the relevant arts and as recited in the claims, is not the same as or suggestive of a bond, convertible or

otherwise. As stated in Applicant's Specification, a forward contract includes terms obligating the holder to pay an amount (the "settlement price") to issuer at a particular date (the "settlement date") in exchange for a variable number of shares of stock of issuer. The forward contract specifies that holder is to receive an amount of stock of the issuer that initially (e.g., as of the "issue date" of the unit) has a value equal to the settlement price. (Specification, paragraph [0017]) Thus, consistent with the meaning of a "forward contract" within the art, the holder pays the issuer an amount ("settlement price") at some point in the future ("settlement date") upon delivery, according to the terms of the forward contract. A forward contract is an agreement to trade in the future, under the conditions provided by the forward contract.

The Office Action further cites and relies upon Barron's Dictionary of Finance. Specifically, the Examiner states that Barron's "discloses convertible bonds are issued as a unit. Accordingly, an ordinary practitioner ... would have found it obvious to have known that a convertible bond is issued as a unit made up of a forward contract with a note known as a bond. As such, it would have been obvious for such practitioner to have combined the art of Birle with the art of Barron's Financial Dictionary in order to issue units to holders which contain a forward contract with a securing note and a conversion privilege for such note to be converted by holder to issuer's stock under certain conditions at holder's option, motivated by an opportunity to benefit issuer's, holders, capital markets and the general public" (See Final Office Action, pages 3 – 4).

Applicant respectfully submits that there is a clear error in the Examiner's rejection. In particular, it is clear that the cited and relied upon Bierle and Barron's do not disclose or suggest all of that for which they were cited and relied upon for disclosing and suggesting.

In particular, Barron's Financial Dictionary explicitly defines a unit as, "3. more than one class of securities traded together; one common share and one subscription warrant might sell as a unit, for example.; 4. in primary and secondary distributions of securities, one share of stock or one bond." That is, Barron's discloses a unit as one share of stock or one bond; and more than one class of securities traded together. At



no point does Barron's disclose or suggest a unit be defined as claimed by Applicant. That is, Barron's fails to disclose or suggest the claimed unit of a forward contract and a note (claims 1 and 33); a forward contract and a contingent convertible debt instrument (claim 22 and 32); a purchase contract and a note (claim 25); and a forward contract and a convertible debt instrument (claim 30).

Barron's only example (i.e., suggestion) of a unit including more than one class of securities is a common share and a subscription warrant. Neither a common share nor a subscription warrant is claimed in the pending independent claims. Barron's common share and a subscription warrant are not the same as or suggestive of the types of securities recited in Applicant's independent claims.

Applicant further finds error in the Examiner's statement that "an ordinary practitioner ... would have found it obvious to have known that a convertible bond is issued as a unit made up of a forward contract with a note known as a bond". In particular, the alleged "convertible bond" is not that which is claimed by Applicant. Applicant does not refer to the recited unit as a convertible bond. Additionally, as a matter of fact, Barron's does not disclose or suggest the alleged "convertible bond", as concluded by the Examiner. The disclosure provided by Barron's for a unit are clearly defined and do not include or suggest the specific "unit" recited by Applicant.

Again, Birle fails to disclose or suggest a forward contract, it merely discloses a bond (as cited and relied upon). Therefore, Applicant respectfully submits that even if the bonds of Birle and the definition of a unit as defined by the cited and relied upon Barron's were combined, the combination would not render claims 1, 22, 25, 30, 32, and 33 obvious under 35 USC 103(a). Claims 2 – 12, 14, 20, and 21 depend from claim 1; claims 23 and 24 depend from claim 22.

Accordingly, Applicant respectfully requests the reconsideration and withdrawal of the rejection of claims 1 – 12, 14, 20, and 21-24 under 35 USC 103(a).

Claim 13 was rejected under 35 USC 103(a) as being disclosed by Birle in view of Barron's in regard to claim 1, and further in view of King et al. (hereinafter, King).

Claims 15 - 19 were rejected under 35 USC 103(a) as being disclosed by Birle in view of Barron's in regard to claim 1, and further in view of Daughtery et al. (hereinafter, Daughtery). Claims 25 - 29 and 31 were rejected under 35 USC 103(a) as being disclosed by Birle in view of Barron's in regard to claim 1, and further in view of Daughtery and Marlowe-Noren. Each of these rejections are respectfully traversed.

For at least the reasons provided above, Applicant respectfully submits that Birle and Barron's do not disclose that for which they were cited and relied upon for disclosing. Applicant respectfully submits that the other cited and relied upon references do not correct the failings of Birle and Barron's. Therefore, the alleged combination of Birle, Barron's, and the other references do not render claims 13, 15 19, 25 - 29, 32, and 33 obvious under 35 USC 103(a). Therefore, Applicant respectfully requests the reconsideration and withdrawal of the rejection of claims 13, 15 19, 25 - 29, 32, and 33 under 35 USC 103(a).

Accordingly, Applicant respectfully requests the reconsideration and withdrawal of the rejection of claims 1 - 33 under 35 USC 103(a). If any issues remain, or if the Examiner has any further suggestions for expediting allowance of the present application, the Examiner is kindly invited to contact the undersigned via telephone at (203) 972-5985.

November 14, 2006  
Date

Respectfully submitted,



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